



Bureau of Economic Analysis FY 2004 Budget Request

The President's Fiscal Year 2004 budget request for the Bureau of Economic Analysis seeks to build on past progress to improve the quality, timeliness and relevance of the Nation's most important economic indicators.

FY 2003	\$65.5 million
FY 2004 (request)	\$78.3 million

The Bureau of Economic Analysis (BEA) promotes a better understanding of the U.S. economy by providing the most timely, relevant, and accurate economic data in an objective and cost-effective manner. Although a relatively small agency, BEA produces some of the most closely watched economic statistics that influence the decisions made by policy makers, business leaders, and households. BEA's economic statistics, which provide a comprehensive, up-to-date picture of the U.S. economy, are key ingredients in critical decisions affecting interest and exchange rates, tax and budget projections, and business investment plans.

For FY 2004, President Bush requests \$78.3 million for BEA. These funds include \$5.4 million to finance three statistical improvements. These initiatives focus on improving the accuracy and timeliness of BEA measures.

- 1. Acquire real-time economic data:** To acquire and incorporate scanner and other current real-time data into economic accounts to improve the accuracy and relevance of measures.
- 2. Collect new international data:** To expand collection of data on large and volatile service sector transactions and information on derivatives and other financial instruments to improve BEA's international and national measures.
- 3. Generate more timely economic data:** To complete the 2003 work to accelerate BEA's major economic measures by speeding up the release of important economic measures.

BEA Among Highest Rated Agencies for Effectiveness

BEA is a top scorer among federal programs assessed by the White House's Office of Management and Budget. As part of an assessment of 234 federal programs, BEA ranked in the top one percent for effectiveness.

Details are available in the President's FY 2004 Budget report, *Performance and Management Assessments*

BEA's 5-year Strategic Plan provides a detailed blueprint for BEA to meet the challenges being demanded of it. The challenges are to provide the tools essential for making fundamental decisions that affect the economic lives of all Americans.

DETAILS OF BEA BUDGET INITIATIVES

1. Acquire Real-Time Data to Improve Data Quality: Investments in purchasing real-time data have shown large potential to dramatically improve economic measures such as the GDP. For example, the July 2002 revisions of the GDP and related accounts incorporated a new method for estimating financial brokerage receipts using a mix of monthly public and private real-time data that better captured changes in pricing practices. These additional data significantly lowered measured growth in that dynamic industry. As a result, BEA's 2002 annual revision showed negative growth that started earlier and lasted longer than BEA had initially estimated. Making use of real-time data is a simple, proven method of improving the GDP and national accounts. FY 2004 funds will improve the economic accounts by allowing BEA to acquire monthly real-time data from private sources to fill data gaps in current measures at the time of original release rather than during a later revision.

Examples of Data Purchases for National Accounts		
Type of data	Estimates improved	Value in 2001
Monthly scanner (point-of-sale) data for grocery stores, drug stores, and mass merchandisers.	Personal consumption expenditures for durable and nondurable goods (except motor vehicles).	\$2,538.3 billion (24.9 percent of GDP)
Business-to-business resellers of software	Private investment in software.	\$191.8 billion (1.9 percent of GDP)
New and used purchases of motor vehicles	Personal consumption expenditures and private investment in motor vehicles	\$508.9 billion (5.0 percent of GDP)
Various trade association, regulatory and other indicators of services activity	Personal consumption expenditures for service activities	\$4,109.9 billion (41 percent of GDP)

2. Collect New International Data: As part of a two-year initiative, BEA seeks to ensure the Nation's compliance with international statistical obligations. The U.S. and the IMF have stated that past debt crises may have intensified because timely and accurate data about worsening financial conditions were unavailable. U.S. leadership in complying with the "Special Data Dissemination Standards" (SDDS) will ease this data gap and encourage other nations to maintain their compliance. The SDDS were developed under an international agreement to increase the transparency of data on economic conditions, particularly of countries that wish to borrow internationally. FY 2004 funds will allow BEA to meet this U.S. commitment as well as update the U.S. Balance of Payments to recognize derivatives and other new financial instruments important to the U.S. and world financial markets.

3. Generate More Timely Economic Data: The economic data produced by BEA are among the most timely economic statistics in the world. Even as the world leader, BEA must meet the demands of its own users, who require more accurate, timely and relevant data at home. The recent economic slowdown demonstrated this need. Policymakers and business leaders alike scrambled to fully understand the economic picture in order to set monetary and fiscal policy and to determine business strategies. The challenge to produce more timely and accurate measures is being met head-on by BEA in its FY 2004 initiatives. BEA seeks to build on the work funded in 2003 and continue to accelerate the release of major indicators such as its hallmark GDP as well as personal income and local area personal income estimates. Coupling this acceleration with the plan to acquire real-time data will dramatically improve the usefulness of these measures.